

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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 (FOR KEY SEE REVERSE)

1. On 13 September 1954, Heinrich Rau, Minister of Machine Construction, and Wilhelm Feldmann, Minister of Light Industry, were instructed to account personally to Minister-President, Otto Grotewohl on the poor fulfillment of the 1954 Financial Plan, especially its Profit Plan section. These two ministers were held to be chiefly responsible for the underfulfillment and were asked to take immediate steps to remedy the situation. 25X1
2. As a result, Minister Rau immediately drafted the text of a regulation which was to take effect on 1 October 1954, at the latest. This regulation prohibits the hiring of new workers in any enterprise under the Ministry of Machine Construction as of the date the regulation goes into effect. The idea behind this regulation is to prevent the costs of production from increasing. According to the Production Plan, production in enterprises under the Ministry of Machine Construction was to increase by ten or fifteen percent during the fourth quarter of 1954. 25X1
3. The regulation also stipulates that all portions of the Lohnfonds (Wage Fund), which previously had been made available to enterprises under the Ministry of Machine Construction, will no longer be available until the end of the year. 25X1
 Any exceptions to this rule can only be made in emergency cases and with the personal approval of the Minister of Machine Construction.
4. Additional measures to be undertaken to increase the rate of profit are as follows:
 - a. All enterprises under the Ministry of Machine Construction are forbidden to increase administrative costs and to make new purchases which are not absolutely necessary for increasing production.
 - b. Factory competition (Wettbewerbe) is to be stimulated.

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